Teletrade DJ International Consulting Ltd

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2022

Regulated by the Cyprus Securities and Exchange Commission License no [158/11].

DISCLOSURE

The Disclosure and Market Discipline Report for the year 2022 has been prepared by Teletrade DJ International Consulting Ltd as per the requirements of Regulation (EU) 2019/2033 issued by the European Commission.

Teletrade DJ International Consulting Ltd states that any information that was not included in this report was either not applicable on the Company's business and activities or such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine our competitive position.

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The Board of Directors is ultimately responsible for the risk management framework of the Company. The Risk Management framework is the sum of systems, policies, processes, and people within the Company that identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's operations.

The Board of Directors approves in full the adequacy of Risk Management arrangements of the institution providing assurance that the risk management systems in place are adequate with regards to the institution's profile and strategy.

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Abbreviation	Full description
BoD	Board of Directors
CAR	Capital Adequacy Ratio
CCR	Counterparty Credit Risk
CET1	Common Equity Tier 1
CIF	Cyprus Investment Firm
CRD IV	Capital Requirements Directive
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECB	European Central Bank
EMIR	European Market Infrastructure Regulation
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
FATF	Financial Action Task Force
FOH	Fixed Overheads
GDPR	General Data Protection Regulation
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICARA	Internal Capital Adequacy and Risk Assessment Process
ICF	Investors Compensation Fund
IFD	Investment firm Directive
IFR	Investment Firm Regulation
IFRS	International Financial Reporting Standards
IOM	Internal Operations Manual
MIFID II	Markets in Financial Instruments Directive 2014
OECD	Organisation for Economic Co-Operation and Development
OTC	Over the Counter
PRIIP	Packaged Retail and Insurance-based Investment Products
PSP	Payment Service Provider
RAG	Red-Amper-Green
RAS	Risk Appetite Statement
RBS-F	Risk Based Supervision Framework
RMF	Risk Management Framework
RWA	Risk Weighted Assets
SME	Small and Medium-sized Enterprise
CySEC	Cyprus Securities and Exchange Commission

1. Introduction

1.1 Investment Firm

COMPANY'S INFORMATION	
CIF AUTHORIZATION DATE	14/12/2011
CIF LICENSE NUMBER	158/11
COMPANY REGISTRATION DATE	01/09/2010
COMPANY REGISTRATION NUMBER	HE 272810
COMPANY LEI CODE	5493004XYMPINHKGCM47

INVESTMENT SERVICES:
• RECEPTION AND TRANSMISSION OF ORDERS IN RELATION TO ONE OR MORE FINANCIAL INSTRUMENTS
• EXECUTION OF ORDERS ON BEHALF OF CLIENTS
• DEALING ON OWN ACCOUNT
• PORTFOLIO MANAGEMENT
• PROVISION OF INVESTMENT ADVICE
ANCILLARY SERVICES:
• SAFEKEEPING AND ADMINISTRATION OF FINANCIAL INSTRUMENTS, INCLUDING CUSTODIANSHIP AND RELATED SERVICES
• GRANTING CREDITS OR LOANS TO ONE OR MORE FINANCIAL INSTRUMENTS, WHERE THE FIRM GRANTING THE CREDIT OR LOAN IS INVOLVED IN THE TRANSACTION
• FOREIGN EXCHANGE SERVICES WHERE THESE ARE CONNECTED TO THE PROVISION OF INVESTMENT SERVICES
• INVESTMENT RESEARCH AND FINANCIAL ANALYSIS OR OTHER FORMS

Table 1: Company information

The Company provides the market to its clients to trade contract for difference ("CFD") on a range of underlying shares, indices, foreign currencies, commodities and crypto.

1.2 Classification and Prudential Requirements

The Investment Firms Directive (EU) 2019/2034 ("IFD") and the Investment Firm Regulation, Regulation (EU) 2019/2033 ("IFR") entered into force on 26 July 2021 classifies investment firms, based on their activities, systemic importance, size and interconnectedness. Investment firms are classified as Class 1, 2 or 3 Investment Firms.

Class 1 Investment Firms are the largest and most interconnected investment firms, with risk profiles similar to those of significant credit institutions, have equal treatment with credit institutions in the sense of a level playing field accordingly and they will fall entirely under the Regulation EU) No 575/2013 ("CRR"). Investment Firms categorized as Class 2 and Class 3 will have the most impact from the new prudential framework as, the capital requirements, reporting requirements and internal governance policies are subject to the provisions of IFR/IFD.

Cyprus Investment Firms ("CIFs" that meet all the below criteria are categorised as Class 3 Investment Firms, otherwise meeting the definition for "Small and non-interconnected investment firms", while when they exceed any of the following specific size thresholds, they are categorised as Class 2 Investment Firms.

No.	Metric	Thresholds
1.	Assets Under Management	<€1.2 billion
2.	Client orders handled – cash trades	< €100 million per day
3.	Client orders handled – derivative trades	<€1 billion per day
4.	Assets safeguarded and administered	zero
5.	Client money held	zero
6.	Daily Trading Flow	zero
7.	Net Position risk	zero
8.	On- and off-balance sheet total	< €100 million
9.	Total annual gross revenue from investment services and activities	< €30 million

Table 2: Threshold Criteria

Further to the above, the Company is categorized as a Class 2 Investment Firm since it does not meet all of the above criteria and as such it should maintain own funds of at least the higher between the:

Permanent minimum capital requirement - The permanent minimum capital requirement of the Company is €750k since it is authorized to provide the investment service of "dealing on own account".

Fixed overhead requirements - The Fixed Overheads Requirement is calculated as one quarter (¼) of the previous year fixed expenses (based on audited figures).

K-Factors requirement - The new K-Factors are quantitative indicators that reflect the risk that the new prudential regime intends to address. Specifically, capital requirements from applying the K-factors formula (pursuant to Article 15 of the IFR) is the sum of Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF') proxies.

1.3 Pillar III Regulatory Framework

Since 26th June 2021, the Company abides by the prudential rules set by the IFR & IFD framework, which consists of EU Regulation 2019/2033 on the prudential requirements of investment firms ("Investment Firm Regulation" or "IFR") and EU Directive 2019/2034 on the prudential supervision of investment firms ("Investment Firm Directive" or "IFD"), as the latter has been harmonized into local legislation through the issuance of the Cyprus Law for the Prudential Supervision of Investment Firms (165(I)/2021). This framework addresses the prudential requirements for investment firms only, in order to avoid disproportionate administrative burden on this category. Also, the IFR permits a transitional period of five years from initial implementation, to help investment firms adjust gradually to the new risk quantification methodologies, where this is deemed necessary.

Based on the relevant provisions of the IFR & IFD framework, the Company qualifies as a Class 2 CIF and is required to hold €750k of initial capital, as per Article 14 of the IFR and Article 9 of the IFD. Furthermore, for the year under consideration the Company was classified as a significant CIF, in accordance with the criteria set by CySEC Circular C487.

The IFR & IFD framework consists of three Pillars which are used to regulate, supervise and improve the risk management of firms in the financial services industry. The three Pillars and their applicability to the Company are summarised below:

- Pillar I – Minimum Capital Requirements – ensures that the Company maintains at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.
- Pillar II – Internal Capital Adequacy and Risk Assessment ("ICARA") Process and Supervisory Review and Evaluation Process ("SREP") – ensures that the Company and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Company faces.
- Pillar III – Market Discipline – ensures the promotion of market discipline through the disclosure of the Company's regulatory requirements, risk management and risk governance policies and procedures, allowing market participants to view and compare meaningful information relating to the Company and its peers.

This report is prepared by Teletrade DJ International Consulting Ltd (the "Company"), a Cyprus Investment Firm ("CIF") authorized and regulated by the Cyprus Securities and Exchange Commission (the "CySEC", the "Commission") under the license number 158/11 and operates in harmonisation with the Markets in Financial Instruments Directive ("MiFID II").

In accordance with Part Six of the IFR, which was introduced in June 2021, the Company is required to disclose information relating to its risk exposure and management, capital structure, capital adequacy as well as the most important characteristics of the Company's corporate governance including its remuneration system. The scope of this report is to promote market discipline and to improve transparency of market participants.

This document is updated and published annually; it will, however, be published more frequently if there are significant changes to the business (such as changes to the scale of operations, range of activities, etc.).

The information contained in the Pillar III Market Discipline and Disclosure Report is audited by the Firm's external auditors and published on the Company's website at https://www.teletrade.eu/mifid_II_disclosures on an annual basis.

Furthermore, the Board of Directors and the Senior Management have the overall responsibility for the internal control systems in the process of capital adequacy assessment and they have established effective processes to ensure that the full spectrum of risks faced by the Company is properly identified, measured, monitored, and controlled to minimise adverse outcomes.

The Company's business effectiveness is based on the guidelines of the risk management policies and procedures put in place. The Board of Directors, Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

The Company is making the disclosures on a solo basis as it does not fall under the scope of prudential consolidation based on the provisions of Article 7 of the IFR. The Company also prepares its Financial Statements on an individual (solo) basis, in accordance with the International Financial Reporting Standards ("IFRS"). Where in this Report there are references to "reference date" this is the 31st of December 2022 and unless stated otherwise, all amounts are presented in thousands of Euros ("€"), which is the functional currency of the Company.

1.4 The Company

Teletrade DJ International Consulting Ltd, as a CIF, operates in Cyprus, offering investment and ancillary services in relation to Forex/CFDs and has 20 employees located in Cyprus as at 31/12/2022.

The Company has a stable business model, and this is reflected in a well-balanced capital allocation between the Company's operations.

The Company's growth strategy focuses on its existing areas of expertise and the quality of its customer base. The Company strives for sustainable profitability consistent with its cost of capital and a balanced business model. To this end, the Company:

- Seeks to contain the volatility of its results.
- Calibrates its capital ratio to ensure a significant safety margin relative to the minimum regulatory requirements.
- Monitors the stability and diversification of its funding sources.
- Ensures sufficient resilience in scenarios of liquidity shortages.
- Tightly controls its foreign-exchange risks.

The Company ensures that compliance rules are rigorously respected, especially in the area of anti-money laundering and counterterrorism financing. The Company monitors the loyalty of the behaviour of its employees regarding customers and all its stakeholders, as well as the integrity of its investment and financial practices.

The Company considers its reputation to be an asset of great value that must be protected to ensure its sustainable development. The prevention and detection of the risk of harm to its reputation are integrated within all the Company's operating practices. The Company's reputation is protected by making its employees aware of the values of responsibility, ethical behaviour, and commitment.

1.5 Regulatory Supervision

The minimum capital requirements as at 31st December 2022 were calculated in accordance with the Investment Firm Regulation. All CIFs under CySEC's authority must meet the requirements with respect to capital adequacy and market discipline, which are comprised by the following:

- Law 87(I)/2017: Provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereafter "the Law")
- Regulation (EU) No. 2019/2033 – Investment firm Regulation (IFR)
- Regulation (EU) No. 575/2013 – Capital Requirements Regulation
- Regulation (EU) No. 648/2012 – European Markets Infrastructure Regulation
- Directive (EU) 2019/2034 – Investment firm Directive (IFD)
- Directive (EU) 2019/878 – amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (CRD V)
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC – Capital Requirements Directive IV

1.6 Conflict between Russia and Ukraine

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Company. The indirect implications will depend on the extent and duration of the crisis and remain uncertain. Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is not expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely.

2. Governance and Risk Management

Implementing a high-performance and efficient risk management structure is a critical undertaking for the Company, in all businesses, markets and regions in which it operates, as are maintaining a strong risk culture and promoting good corporate governance. The Company's risk management supervised at the highest level is compliant with the regulations enforced by CySEC and the European regulatory framework.

2.1 Risk management objectives and policies

To ensure effective risk management, the Company has adopted the Three Lines of Defence model, with clearly defined roles and responsibilities.

- **First line of defence – Risk Ownership:** It includes any business and supporting functions of an entity that generate exposure to a risk. It actively deals and manages risks as part of the daily business operations and putting the necessary controls in place so that these remain within the approved appetite risk. Risk owners are full responsible and accountable for the ongoing management of such risks that arise.

- **Second line of defence – Risk Function & Compliance:** Introduces best practise and ensures compliance as part of the second line of defence, while the risk function is responsible to ensure that all risks are under control, independent opinions on the risks that the Company is exposed and on the way that they are mitigated and challenge the risk management activities performed in the first line of defence. In general, these functions are responsible for ensuring that all the risks are managed in accordance with the risk appetite defined by the Senior Management and approved by the BoD. They must also provide guidance, advice, and independent opinion in all key risk-related matters.

- **Third line of defence – Internal Audi**t: It regularly assesses policies, methods and procedures and provide assurances to the BoD that the overall internal control environment is effective and that all policies, methods and procedures are consistently applied throughout the Company.

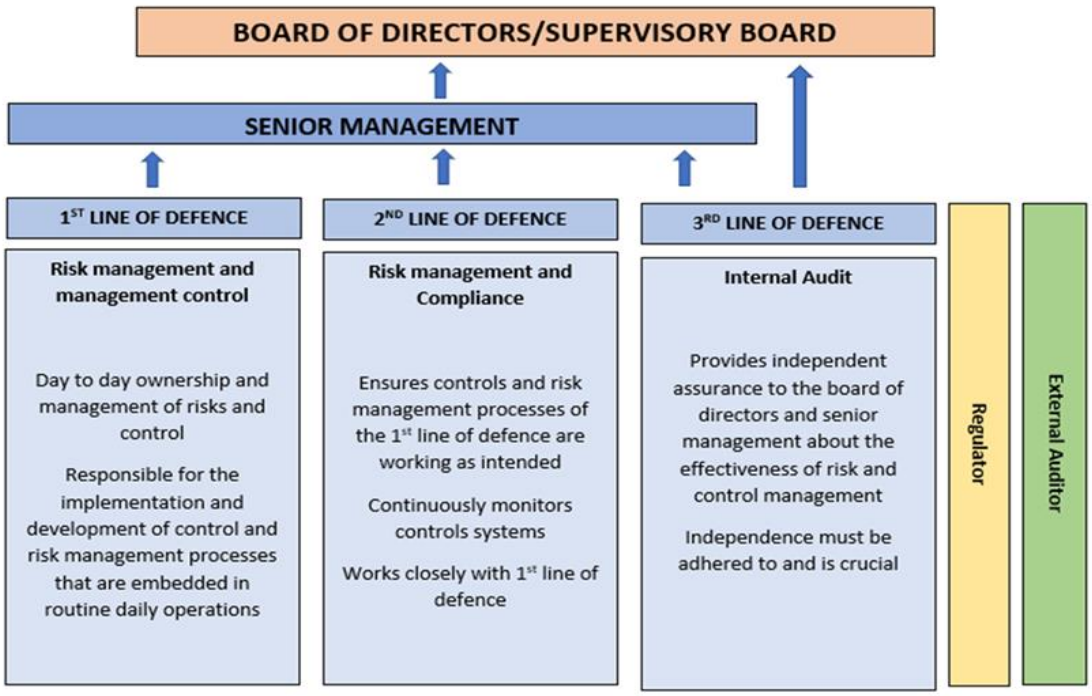

Figure 1: Three lines of Defense

2.2 Types of Risks

Given the diversity and evolution of the Company's activities, risk management involves the following main categories:

- **Credit and Counterparty risk** (including Country risk): risk of losses arising from the inability of the Company's customers, issuers, or other counterparties to meet their financial commitments. Credit risk includes Counterparty risk linked to market transactions (Replacement risk) and securitisation activities. In addition, Credit risk may be further amplified by Concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties; Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.
- **Market risk**: risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets.
- **Operational risks** (including Accounting and Environmental risks): risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss.
- **Liquidity risk**: risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.

- **Compliance risk** (including Legal and Tax risks): risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Company's activities.
- **Reputational risk**: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Company's ability to maintain or engage in business relationships and to sustain access to sources of financing.
- **Strategic risk**: risks inherent in the choice of a given business strategy or resulting from the Company's inability to execute its strategy.
- **Business risk**: risk of lower than anticipated profits or experiencing losses rather than a profit.
- **IT and GDPR Risk:** Risks related to Cyber attacks and stealing of sensitive data, as well as Large-scale processing of personal information which can be unlawfully accessed and stolen.
- **ESG risk**: ESG risk considers the risks of any negative financial impact on the Company, stemming from the current or prospective impacts of environmental, social and governance factors on its counterparties or invested assets.

2.3 Risk Appetite

The Company defines Risk Appetite as the level of risk, by type and by business that the Company is prepared to incur given its strategic targets. Risk Appetite is defined using both quantitative and qualitative criteria.

The Risk Appetite Framework takes into account earnings sensitivities to business cycles and credit, market and operational events. The Risk Appetite is one of the strategic oversight tools available to the Management bodies. It underpins the budgeting process and draws on the ICARA, which is also used to ensure capital adequacy under stressed economic scenarios.

Furthermore, the positioning of the business in terms of risk/return ratio as well as the Company's risk profile by type of risk will be analysed and approved by the BoD. The Company's risk appetite strategy will be implemented by the Senior Management in collaboration with the BoD and applied by all divisions through an appropriate operational steering system for risks, covering:

- Governance (decision-making, management, and supervisory bodies)
- Management (identification of risk areas, authorisation and risk-taking processes, risk management policies using limits and guidelines, resource management)
- Supervision (budgetary monitoring, reporting, leading risk indicators, permanent controls, and internal audits)

Essential indicators for determining the Risk Appetite and their adaptations will be regularly supervised over the year in order to detect any events that may result in unfavourable developments on the Company's risk profile. Such events may give rise to remedial action, up to the deployment of the recovery plan in the most severe cases.

Indicator	Normal 1	Warning 2	Limit 3
Minimum Own Fund Requirement	≥€900k	<€900k	€750k
Common Equity Tier 1 Ratio	>100%	<75%	56%
AT1 Capital Ratio	>120%	<100%	75%
Total Capital Ratio	>120%	<120%	100%
Liquid Assets	>€278k	<€278k	€233k
Return on Assets	≥5.00%	<5.00%	0.00%
Retained Earnings / Total Equity	≥10.00%	<10.00%	5.00%

Table 3: Risk Appetite Thresholds

Notes

- The level of the indicator is within the acceptable limits as per the Company's risk appetite.
- The Company should take proactive actions in order to ensure that the level of the indicator will remain above the acceptable limits.
- The level of the indicator falls below the acceptable limits and as such the Company should proceed with the required actions in order to restore the level of the said indicator to the normal predefined levels.
- Additional own funds requirement and 1.50% as per the paragraph 18 of the Law 20(I)/2016 have been taken into consideration for Normal and Warning thresholds

2.4 Risk Strategy

The risk strategy of the Company is the responsibility of the Board, which formulates it and is responsible for monitoring its implementation. This is achieved through the development of risk management processes and procedures as well as through an assessment of the risks undertaken and the effectiveness of the risk management framework, given the Company's business model. One important characteristic of the Company's risk strategy is the alignment with the strategic and operational targets that are set by the Board.

The risks that arise from the implementation of the Company's strategic and business plans are regularly analyzed in order to ensure the adequacy of the relevant policies, procedures and systems. The risk strategy of the Company aims to provide to both Senior Management and employees a general risk framework for the management of the different types of risk in line with the overall risk management and risk bearing capacity of the Company. The Company recognizes the importance of risk management to its business' success and therefore the overall objective is to establish effective risk management policies that are able to mitigate the Company's exposure to the various risks.

2.5 Internal Capital Adequacy and Risk Assessment Process

The ICARA process falls under the scope of Pillar II and it is a requirement for investment firms as per article 24 of IFD, with the objective to enhance the link between a CIF's risk profile, its risk management and risk mitigation systems, and its capital and liquidity.

Pillar II establishes a process of prudential interaction that complements and strengthens Pillar I, by promoting an active dialogue between the CySEC and the investment firm such that, any inadequacies or weaknesses of the internal control framework and also other important risks, the fulfilment of which may entail threats for the Company, are identified and managed effectively with the enforcement of additional controls and mitigating measures. The ICARA is an important part of the process through which the Company's management is informed of the ongoing assessment of the Company's risks, sets mitigation measures and controls for those risks and identifies and measures current and future capital and liquidity needs, having considered the above.

ICARA includes a Liquidity Adequacy Assessment and Contingent Funding Plan. Internal Liquidity Adequacy Assessment Process (ILAAP) and all its components, including risk elaboration on liquidity risks that are applicable to the firm and a Liquidity stress testing will be incorporated within ICARA.

In light of the above, the ICARA report will present the main business background aspects and developments of the Company, a summary of the Company's business economic environment, the Company's financial summary for the previous and upcoming years, the business and strategic goals, organisational structure and the risk management framework, the overall assessment of the material risks as well as a forward looking capital and liquidity planning.

The Company is in compliance with the ICARA requirements, based on the IFR/IFD framework, through risk management and governance framework, methodologies, processes and infrastructure.

The risk manager has informed the Board that the ICARA report preparation has been already initiated and the capital planning is designed. It is expected that the ICARA report for 2022 will be available for review by the board in the 4th quarter of 2023.

2.6 Stress Tests

Stress testing is a key risk management tool incorporated in the ICARA process, that is used by the Company to rehearse the Company's response to a range of adverse scenarios, based on variations of market, economic and other operating environment conditions. Stress tests are performed for both internal and regulatory purposes and serve an important role in:

- Understanding the risk profile of the Company.
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions: This takes place in the context of the Company's ICARA on an annual basis.
- The evaluation of the Company's strategy: Senior management considers the stress test results against the approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing allows senior management to determine whether the Company's exposures correspond to its risk appetite.
- The establishment or revision of limits: Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios.

The ultimate responsibility and ownership of the Company's stress testing policy rests with the Board of Directors. If the stress testing scenarios reveal vulnerability to a given set of risks, the management should make recommendations to the Board of Directors for mitigation measures or actions. These may vary depending on the circumstances and include one or more of the following:

- Review the overall business strategy, risk appetite, capital and liquidity planning
- Review limits
- Reduce underlying risk positions through risk mitigation strategies
- Consider an increase in capital
- Enhance contingency planning

The Company performs financial modelling and stress analysis on a yearly basis as part of its ICARA especially when year-end financial results are available or when it revises its business plan based on any significant change in the business operations.

The Company has thus, reached the decision that in planning its projected Capital for Pillar II purposes for the 3 years projected period, it shall maintain the same assumptions as it did in the first year's Risk Register calculations in terms of the probability of risk occurrence and probability/impact Matrix, while it will only amend the financial impact element of each risk.

2.7 Diversity Policy

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how the Company does business and imperative to commercial success.

The Company recognizes the value of a diverse and skilled workforce and management body, which includes and makes use of differences in the age, skills, experience, background, race and gender between them. A balance of these differences will be considered when determining the optimum composition and to achieve a variety of views and experiences and to facilitate independent opinions and sound decision making within the Board.

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practises in the Corporate Governance Code of many EU countries.

2.8 Board Recruitment

One of the BoD's main responsibilities is to identify, evaluate and select candidates for the Board and ensure appropriate succession planning. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the BoD.

The persons proposed for the appointment should have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and must be able to commit the necessary time and effort to fulfil their responsibilities.

Factors considered in the review of potential candidates include:

- Specialised skills and/or knowledge in accounting, finance, banking, law, business administration or related subject
- Knowledge of and experience with financial institutions ("fit-and-proper")
- Integrity, honesty and the ability to generate public confidence
- Knowledge of financial matters including understanding financial statements and financial ratios
- Demonstrated sound business judgment
- Risk management experience

The Company has established a dedicated recruitment policy in relation to the BoD.

2.9 Remuneration

Remuneration refers to payments or compensations received for services or employment. The remuneration system includes the basic salary and any bonuses or other economic benefits that an employee or executive receives during employment and shall be appropriate to the CIF's size, internal organization and the nature, the scope and the complexity of its activities to the provisions of the relevant Laws and Regulations.

The remuneration package generally consists of fixed remuneration – compensating employees on a monthly basis – in the form of a base/fixed salary. The remuneration package may furthermore consist of the possibility of variable remuneration. The remuneration components are balanced in order to ensure a flexible variable remuneration package and a sound and efficient risk management. It is noted that currently the staff engaged in control functions do not receive any variable remuneration.
Any variable remuneration that was awarded in 2022 was included in the remuneration package/agreement of the employee.

During 2022, the Company's remuneration system is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management, members of the Board of Directors and the Heads of the Departments; the said practices are established to ensure that the rewards for the 'Executive Management' provide the right incentives to achieve the key business aims.

	No. of persons	EUR ('000s)		
		Fixed	Variable	Total
Senior Management[1] (Executive & Non-Executive Directors)	5	322	143	465
Other staff[2]	11	408	-	408
Total	**16**	**730**	**143**	**873**

Table 4: Aggregate Quantitative Information on Remuneration for Risk Takers

[1] Senior Management includes the two Executive Directors and fees paid to one of the Non-Executive Directors.

[2] The "Other staff" category includes AML Compliance Officer, Head of Compliance Department, Compliance Officer, Head of Reception. Transmission and Execution, Back Office Officer, Head of Portfolio Management Department, Portfolio Manager/Investment Advisor, Head of Dealing on Own Account, IT Manager.

During 2022 the Company did not provide any non-cash benefits. In addition, the Company did not award any deferred remuneration in 2022 or in previous performance periods, that was due to vest in 2022 or in subsequent years.

No severance or sign on payments were paid by the Company for 2022.

2.10 Directorships held by Members of the Management Body

The table below provides the number of directorships each member of the management body of the Company holds at the same time in other entities (including the directorship in Teletrade and its related entities that belong to the same group) as at the time of preparation of this Report. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below. Executive or non-executive directorships held within the same group, are considered as a single directorship.

No.	Name	Position in the Company	Executive Directorships	Non-Executive Directorships
1.	Inna Leonova	Executive	1	-
2.	Lev Vasilishin	Executive	1	-
3.	Giannakis Georgiou	Non-Executive	-	3
4.	George Constantinides	Non-Executive	-	3

Table 5: Number of directorships held by Members of the Management Body

- The information in this table is based only on representations made by the Company's directors at the time of preparation of the report.

1 Lev Vasilishin resigned on 31/03/2023 and Mr. Sergei Shamraev was appointed on 24/03/2023.

2.11 Reporting and Control

In line with the requirements set out in the Cyprus Investment Firms Law and subsequent Directives, the Company has been able to maintain a good information flow to the Management body, as it can be seen below:

Report Name	Report Description	Owner	Recipient	Frequency	Due Date
Annual Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Compliance function during the year	Compliance Officer	BoD, CySEC	Annual	**30/04/2023**
Annual Internal Audit Report	To inform the Senior Management & the BoD of the Company regarding the Internal Auditor during the year	Internal Auditor	BoD, CySEC	Annual	**30/04/2023**
Annual Risk Management Report	Represents the work & activities undertaken by the Risk Manager during the year	Risk Manager	BoD, CySEC	Annual	**30/04/2023**
Pillar III Disclosures (Market Discipline and Disclosures)	The Company is required to disclose information regarding its risk management, capital structure, capital adequacy and risk exposures	Risk Manager	BoD, CySEC, Public	Annual	**30/04/2023**
Independent Auditors Verification on the Pillar III Report	The verification of the Pillar III Disclosures (Market Discipline and Disclosures) Report by the Independent Auditor	External Auditor	BoD, CySEC	Annual	**31/05/2023**
Financial Reporting	It is a formal record of the financial activities of the CIF	External Auditor	BoD, CySEC	Annual	**30/04/2023**
Capital Adequacy Reporting	A measure of the CIF's capital. It is expressed as a percentage and is used to protect depositors and promote the stability and efficiency of financial systems all over the world	Risk Manager / Accounting	Senior Management, CySEC	Quarterly	**11/02/2023** **12/05/2023** **11/08/2023** **11/11/2023** **31/05/2023**
ICARA (Pillar II) Report	The Internal Capital Adequacy Assessment Process, relating to the monitoring and assessment of the risks that are not fully covered by Pillar I	Risk Manager	BoD, CySEC	Annual	**Up to CySEC's request**

Table6: Periodic Reporting Summary

3. Capital Management and Adequacy

3.1 The Regulatory Framework

The general framework defined by Basel III is structured around three pillars, as in Basel II:

In terms of capital, the main new measures introduced to strengthen institutions' solvency were as follows:

- The complete revision and harmonisation of the definition of capital, particularly with the amendment of the deduction rules, the definition of a standardised Common Equity Tier 1 (or CET1) ratio, and new Tier 1 capital eligibility criteria for hybrid securities
- New capital requirements for the counterparty risk of market transactions, to factor in the risk of a change in CVA (Credit Value Adjustment) and hedge exposures on the central counterparties (CCP)
- The set-up of capital buffers that can be mobilised to absorb losses in case of difficulties. The new rules require regulated liquidity providers to create and maintain a capital conservation buffer and allows supervisory authorities to enforce an additional countercyclical buffer, aimed to preserve the institution's solvency in the event of adverse conditions
- The set-up of restrictions on distributions, relating to dividends, Additional Tier 1 instruments and variable remuneration, via the maximum distributable amount (MDA) mechanism. At end-2015, the European Banking Authority (EBA) issued a clarifying statement, which indicated that the MDA should be applied when an institution no longer complies with its CET1 ratio requirements, including those of Pillar II and capital buffers
- In addition to these measures, there will be measures to contain the size and consequently the use of excessive leverage. To this end, the Basel Committee defined a leverage ratio, for which the definitive regulations were published in January 2014. The Basel leverage ratio compares the institution's Tier 1 capital to the balance sheet and off-balance sheet items, with restatements for derivatives and pensions. Full scope institutions have been obliged to publish this ratio since 2015.

3.2 Regulatory Capital

According to IFR/IFD, regulatory capital consists of Common Equity Tier 1 and Tier 2 Capital.

Common Equity Tier 1 Capital (CET1 Capital)

According to IFD/IFR, Common Equity Tier 1 capital is made up primarily of the following:

- Ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts
- Retained earnings
- Other reserves
- Funds for general banking risk

Deductions from Common Equity Tier 1 capital essentially involve the following:

- Losses for the current financial year
- Goodwill and intangible assets
- Deferred tax assets that rely on future profitability
- All investments in own CET1 instruments, whether held directly or indirectly
- Non-significant & significant holdings of CET1 capital of financial sector entities - FSEs
- Investors' Compensation Fund ('ICF') & the additional cash buffer of ICF

Tier 2 Capital

Tier 2 capital includes:

- Capital Instruments including subordinated loans as that qualify as Tier 2 instruments
- Share premium resulting from the issue of instruments included in the Tier 2 capital
- General Credit risk adjustments of up to a maximum of 1.25% of credit risk RWAs calculated under the standardised approach

Deductions of Tier 2 capital essentially apply to the following:

- All investments in own T2 instruments, whether held directly or indirectly
- Non-significant holdings of T2 capital of FSEs (only BB holdings)
- Significant holdings of T2 capital of FSEs

4. Own Funds Ratio

The Own Funds ratio is calculated by comparing the institutions' equity with the Higher of the K-Factor Requirement, the Fixed Overheads requirement, and the Permanent minimum capital requirement.

The prudential framework for investment firms set out in the IFR and the IFD is designed to reflect the nature, size, and complexity of investment firms' activities.

As per the prudential rules set by the IFR, investment firms are required to maintain Own Funds consisting of the sum of their Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, and shall at all times meet all of the following conditions:

- Common Equity Tier 1 Capital of at least 56% of Own Funds Requirements.
- Common Equity Tier 1 Capital and Additional Tier 1 Capital of at least 75% of Own Funds Requirements.
- Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital of at least 100% of Own Funds Requirements.

Table 7 below presents the composition of the Company's Own Funds as at 31st of December 2022, while Table 8 indicates how these Own Funds reconcile with the Company's audited Balance Sheet as of this date, and they have been prepared using the format set out in the Commission Implementing Regulation (EU) 2021/2284 laying down implementing technical standards for the application of Regulation (EU) 2019/2033 with regard to supervisory reporting and disclosures of investment firms.

As at 31st of December 2022, the Company's Own Funds comprised entirely of Common Equity Tier 1 capital. As shown below, the Company's Own Funds as at 31st of December 2022 amounted to EUR 4.172K.

Template EU IF CC1.01		**(a)**	**(b)**
31st December 2022		**Amounts (€'000)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements (Cross Reference to EU IF CC2)**
1	**OWN FUNDS**	**4.172**	
2	**TIER 1 CAPITAL**	**4.172**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**4.172**	
4	Fully paid up capital instruments	341	Ref 1 (Shareholders' Equity)
5	Share premium	3.060	Ref 2 (Shareholders' Equity)
6	Retained earnings	(1.171)	Ref 3 (Shareholders' Equity)
8	Other reserves	2.106	Ref 3 (Shareholders' Equity)
10	Adjustments to CET1 due to prudential filters	(61)	Ref 3 (Shareholders' Equity) & Ref 1 (Assets)
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(30)	
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(30)	Ref 5 (Assets)
27	CET1: Other capital elements, deductions, and adjustments	(73)	Ref 2 & 6 (Assets)

Table 3: EU IF CC1- Composition of regulatory own funds (Investment firms other than small and non-interconnected)

31st December 2022		Balance sheet as in published/audited financial statements ((€'000)	Cross reference to EU IF CC1
Ref.	**Assets**		
1	Equity investments at fair value through other comprehensive income	0	Ref 10
2	Financial assets at fair value through profit or loss	57	Ref 27
3	Loans receivable from related company	(61)	Ref 10
4	Loans receivable from related company (other)	476	
5	Deferred tax assets	30	Ref 20
6	Additional Cash Buffer	16	Ref 27
7	Cash and cash equivalents (other)	3.420	
8	Other Current Assets	384	
9	Other Non-Current Assets	89	
	Total Assets	**4.411**	
Ref.	**Liabilities**		
1	Total Liabilities	135	
	Total Liabilities	**135**	
Ref.	**Shareholders' Equity**		
1	Share Capital	341	Ref 4
2	Share Premium	3.060	Ref 5
3	Reserves	875	Ref 6, 8 & 10
	Total Shareholders' equity	**4.276**	

Table 8: EU IFCC2 - Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

4.1 Capital Management

The Company's objectives in managing capital are to comply with the capital requirements set by the regulator (CySEC), to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base and liquidity position to support the development of the business. The Company's policy of capital and liquidity management is designated to maintain the capital base and liquid assets sufficient to keep the confidence of customers, creditors and other market participants, and to secure the future development of the Company. The Company monitors Own fund requirements, Capital adequacy and Liquidity levels in accordance with the IFR & IFD prudential framework.

As part of managing its capital, the Company ensures that its solvency level is always compatible with the following objectives:

- Maintaining its financial solidity and respecting the Risk Appetite targets.
- Preserving its financial flexibility to finance organic growth.

- Adequate allocation of capital among the various business lines according to the Company's strategic objectives.
- Maintaining the Company's resilience in the event of stress scenarios.
- Meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Company determines its internal solvency targets in accordance with these.

In line with the above, the Company is obligated to calculate and report to the regulator CySEC on a quarterly basis, under the IFR, its capital requirements, which is the higher of the Permanent minimum capital requirement, fixed overhead requirement and the K-Factor requirement, the result of which, i.e. solvency/capital ratio, needs to be above 100% (Calculated based on the section above) at all times.

As at 31 of December 2022, the Company's Own Funds comprised entirely out of Common Equity Tier 1 capital and the total own funds ratio of the Company was 481,10%.

31st December 2022	EUR ('000s	Reference
Regulatory Capital		
Common Equity Tier 1	4.173	a
Additional Tier 1	-	b
Tier 2	-	c
Total Own Funds	**4.173**	**d = (a+b+c)**
Own Funds Requirement		
K-factor Requirement	867	e
Fixed Overhead Requirement	711	f
Permanent Minimum Capital Requirement	750	g
Minimum Own Funds Requirement	**867**	**h = (higher of e, f, g)**
Capital Excess/Ratio		
CET 1 Ratio	**481,10%**	**a / h**
Surplus(+)/Deficit(-) of CET 1 Capital	3.687	a - (h * 56%)
Tier 1 Ratio	**481,10%**	**(a + b) / h**
Surplus(+)/Deficit(-) of Tier 1 Capital	3.523	(a + b) - (h * 75%)
Own Funds Ratio	**481,10%**	**d / h**
Surplus(+)/Deficit(-) of Total capital	3.306	d - h

Table 9: Capital Excess Ratio

5. Capital Requirements

In accordance with the Investment firm regulation, the Capital Requirement for the company is equal to the highest of the following:

- Fixed Overheads Requirement (“FOR”)
- Permanent Minimum Capital Requirement (“PMCR”)
- K-Factor Requirement

As at 31st December 2022, the Company’s Capital Requirement was equal to the Fixed Overheads Requirement and amounted to EUR 867K.

5.1 Fixed Overheads Requirement (“FOR”)

The Company’s policy is to monitor the FOR at least on a quarterly basis. The Company calculates FOR by taking the one quarter of the fixed overhead expenses of the preceding year in accordance with the provisions of Article 13 of the IFR. The Fixed Overheads Requirement as at 31st December 2022 amounted to EUR 711K.

5.2 Permanent Minimum Capital Requirement (“PMCR”)

The Company’s policy is to monitor on a continuous basis its Own Funds and ensure that they remain above the Permanent Minimum Capital Requirement of EUR 750K, which corresponds to the initial capital that applies to the Company, in accordance with Article 9 of the IFD.

5.3 K-Factor Requirement

The Company calculates its overall “K-factor” capital requirement on a continuous basis which is the sum of “K-factor requirements” grouped in three categories: Risk-to-Client (RtC), Risk-to-Market (RtM), Risk-to-Firm (RtF), in accordance with Articles 16 through to 33 of the IFR (and as described in further detail in Section 3). The total K-Factors as at 31st December 2022 amounted to EUR 867K.

31st December 2022 K-Factor Requirement		K-Factor Requirement EUR ('000)
Risk-to-Client (RtC)	K-AUM	-
	K-CMH	19
	K-ASA	-
	K-COH	0
Risk-to-Market (RtM)	K-NPR	582
	K-CMG	-
Risk-to-Firm (RtF)	K-TCD	262
	K-DTF	4
	K-CON	-
Total K-Factor Requirement		**867**
Fixed Overhead Requirement ('FOR')		**711**
Permanent Minimum Capital Requirement ('PMCR')		**750**

Table 10: Minimum Capital Requirements

Risk-To-Client ('RtC')

Risk to Client ("RtC") is the risk that an investment firm poses to its clients in the event where it fails to properly carry out the services being offered to them. It reflects the risk covering the business areas of investment firms from which harm to clients can conceivably be generated in case of problems.

There are four K-factors through which some of the core aspects of RtC are being captured and measured, and which act as proxies that cover the specific business areas that are referred to above. These K-factors consist of the following:

- K-AUM (Assets Under Management) – K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice. As the Company did not provide portfolio management or investment advice services during the year ending 31st December 2022, the Company was not subject to the risk relating to this K-factor.

- K-CMH (Client Money Held) – K-CMH captures the risk of potential for harm where an investment firm holds the money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provide that client money is safeguarded in the event of bankruptcy, insolvency, or entry into resolution or administration of the investment firm. As part of its business, the Company receives from its customers, cash deposits to enable them to perform transactions in financial instruments and to this end, it is subject to the risk captured by this K-factor.

- K-ASA (Assets Safeguarded and Administered) – K-ASA captures the risk of safeguarding and administering client assets and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on their own balance sheet or in third-party accounts. As of 31st December 2022, the Company was not subject to the risk relating to this K-factor

- K-COH (Client Orders Handled) – Captures the potential risk to clients of an investment firm which executes orders in the name of the client.
  Failure to carry out its services or operations correctly will be a key risk that the Company would need to manage. The negative impact on clients of this failure could be substantial if not managed appropriately.

Mitigation measures

K-COH (Client Orders Handled)
Execution of orders on behalf of clients means acting to conclude agreements to buy or sell one or more financial instruments on behalf of the clients. Only the Company's employees who have the certificates of competency for execution of orders should perform these duties, otherwise, relevant certificate should be obtained within two examination sittings from the date of employment. Unless otherwise instructed by the client, the order shall follow the Company's execution policy. All accepted orders shall be executed on the basis of equal terms for the clients and of the client's interest priority over the Company's interests at the execution of transactions.

In the cases when the Company has discretion as to when and how to submit incoming clients' orders for execution, the Company shall not be permitted to carry out a client order in aggregation with another client's order unless it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated.

In the cases when the Company has discretion as to when and how to submit incoming clients orders for execution, the Company shall develop an order allocation policy which establishes precise terms for the fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions where the Company aggregates an order with one or more other client orders and the aggregated order is partially executed, it allocates the related trades in accordance with its order allocation policy.

Risk-to-Market ('RtM)

Risk to Market ("RtM") is the risk that an investment firm poses to the financial markets that it operates in and the counterparties that it trades with.

There are two K-factors that capture the principal risks under RtM:

- K-NPR (Net Position Risk) – This k-factor is based on the rules for Market Risk for positions in equities, interest rate financial instruments, foreign exchange and commodities in accordance with Regulation (EU) No. 575/2013 ("CRR"). Therefore, K-NPR captures the Market Risk, which is defined as the risk that changes in market prices will affect the Company's income or the value of its holding of financial instruments. The Company's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The Company is subject to Market Risk as a result of its trading activities where it acts as a counterparty to its clients' CFD and real equity transactions. The Company is therefore exposed to losses in the case where adverse market movement cause the value of its open positions to decline. This K-Factor applies to the Company.

- K-CMG (Clearing Margin Given) – This is an alternative to K-NPR to provide for market risk for trades that are subject to clearing as set out in Article 23 of IFR. CMG means the amount of total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. Bearing in mind the Company's size of relevant operations during 2022, this K-factor is not applicable to the Company.

Mitigation Measures

K-NPR (Net Position Risk)
As of 31 December 220, the Company's total market risk are covered adequately enough by Company's own funds level. One of Company's primary objectives is to ensure that the exposure through market volatility does not lead to unacceptable losses outside of its risk appetite. The Risk Manager frequently and closely monitor any deviations from the current risk capacity.

Foreign Currency Risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars, Polish Zloty, Hungarian forint and Czech Korun. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Market Interest Rate Risk
Interest Rate Risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to Interest Rate Risk in relation to deposits with banks, however bank balances are held in current accounts, bearing insignificant interest. The Company's management nevertheless monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Risk-to-Firm ('RtF')

Risk to Firm ("RtF") captures an investment firm's exposure to the Risk of Default of its Trading Counterparties (K-TCD), the Concentration Risk arising from its exposures to counterparties and their connected persons (K-CON) and Operational Risks from its Daily Trading Flow of transactions (K-DTF).

There are three K-factors that capture the key aspects of RtF, namely:

- K-TCD (Trading Counterparty Default) – K-TCD captures the Counterparty Credit Risk arising from an investment firm's exposure to the default of its trading counterparties. In particular, it looks at the risk of losses arising from the default of a counterparty with which a company maintains open Trading Book positions in derivatives and other specified transactions, and includes positions with both clients and liquidity providers. The Company was subject to this K-factor as at 31st December 2022.

- K-DTF (Daily Trading Flow) – K-DTF captures the Operational Risk related to the value of trading activity that an investment firm conducts. It reflects the risk of transactions that an investment firm enters through dealing on own account or executing orders on behalf of clients in its own name (and not on behalf of the client as an agent). The Company was subject to this K-factor.

- K-CON (Concentration Risk) – K-CON seeks to apply additional own funds to manage concentration to a single counterparty / issuer of financial instruments or a group of connected counterparties / issuers to which a company incurs Trading Book exposures.

Mitigation Measures

K-TCD (Trading Counterparty Default)
The Brokerage Department is responsible monitoring real time via the system for each individual client and take the corresponding action if the prices reach specific points:

- Margin call level: the Reception and Transmission Department is informed to contact the Client the need to deposit additional money or securities so that the margin account is brought up to the minimum maintenance margin
- Stop-Out leverls: the Reception and Transmiton department is informed to contact the Client and notify with regards to the closing of their position.

K-DTF (Daily Trading Flow)
Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control and management of the operational risks that are inherent in its various activities.

6. Liquidity Requirement

As a Class 2 investment firm, the Company is required to hold an amount of liquid assets equivalent to at least one third of the fixed overheads requirement. The purpose is to ensure that the investment firms have an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets in cash to meet their liquidity needs for a 30-calendar day liquidity stress scenario. The IFR specifies the instruments that are eligible to be qualified as liquid assets to be included in the calculation of the said ratio:

- Coins and banknotes
- Claims on ECB or other Central Banks
- High Quality Covered Bonds
- Shares or units in CIUs

In this respect and as per the Company's latest audited financial statements, the Company has the following liquid assets which is well above the one third (1/3) of the total fixed overheads requirement.

31st December 2022	EUR ('000)
Liquid Assets	2.160
Total	**2.160**
Requirement (1/3 of Fixed Overheads Requirement)	237
Surplus	**1.923**

Table *11*: Liquidity Requirements

As at 31st December 2022 the Company's liquid assets mainly constituted by Unencumbered short-term deposits/CET1 capital and were above the 1/3 of the total fixed overheads requirement and as such, the Company satisfied the liquidity requirement.

7. Operational Risk

Operational risks (including accounting and environmental risks) correspond to the risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss. This section describes the monitoring of the Company's operational risk, in addition to providing an analysis of the Company's operational risk profile and regulatory capital requirements.

The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control and management of the operational risks that are inherent in its various activities. These include, among others, general and specific procedures, permanent supervision, business continuity plans and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to external service providers, legal risks, information system security risks and compliance risks.

In order to control the exposure to operational risks, the management has established two key objectives:

- To minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses).
- To improve the effective management of the Company and strengthen its brand and external reputation.

The Company recognises that the control of operational risk is highly dependent on the effective and efficient management practices and high standards of corporate governance. To that effect, the management of operational risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing operational risk exposures through a consistent set of processes that drive risk identification, assessment, control and monitoring.

The Company implements the below Operational Risk Mitigation Strategies in order to minimize its Operational Risk Exposure:

- The development of operational risk awareness and culture
- The provision of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities
- The implementation of a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives
- The improvement of productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value
- Established a "four-eye" structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management. The Board further reviews any decisions made by the Management while monitoring their activities
- Detection methods are in place in order to detect fraudulent activities
- Comprehensive business contingency and disaster recovery plan

The Senior Management employs specialized tools and methodologies to identify, assess, mitigate and monitor operational risk. These specialized tools and methodologies assist operational risk management to address any control gaps. To this effect, the following are implemented:

- Incident collection
- Key Risk Indicators
- Business Continuity Management
- Training and awareness

8. Fixed Overheads Risk

Fixed Overhead Risk is the risk that the company holds sufficient eligible capital to accommodate fluctuations in a firm's levels of business. The requirement is to hold eligible capital of at least one-quarter of the fixed overheads of the previous year. For the operational risk in relation to the capital adequacy returns, the Company now uses the fixed overhead requirement, which is taken into account if and only if the summation of credit and market risk falls below a calculated limit of Fixed overheads.

The risks and uncertainties faced by the company are those inherent to the industry. The Board seeks to mitigate this risk by constant review and strict control of fixed overhead costs by optimising resources and reducing unnecessary expenses.

As at 31 December 2022, the Fixed overheads capital requirement was 711K EUR.

9. External Environment Risks

9.1 Pandemic Risk

Further to the recent developments of the COVID-19 outbreak, which was a current major worldwide issue, the Company followed all of the government and health authorities' guidelines and instructions, regarding the protection measures against the virus. Moreover, the company implemented additional health and safety measures enabling the company to continue its operations in a smooth and moderate manner.

Furthermore, the company has adapted a dynamic business model, ready to withstand possible market volatilities and anomalies, that are caused due to a future outbreak of COVID-19 or of a similar nature virus.

9.2. Political Risks

As descripted in Section 1.6 in detail the consequences of the Russian-Ukrainian conflicts, and the sanctions imposed by the European Council against Russia considerably affected the industry. The Company's governance and controls that are in place aim to protect the company from risks associated with the said conflict. The conflict had no effect on the company's operations and financial performance.

10. Information Technology Risk

Information Technology risk ("IT") could occur due to inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use of the Company's IT. The evaluation of the adequateness of Company's systems is performed by the Internal Auditor.

The Company maintains generally adequate systems, whilst procedures for access level authorisation in electronic systems/databases are properly in place. In addition to this, the Company has taken and implemented measures regards to back-up systems, maintenance, data protection procedures and disaster recovery plan.

11. Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.
The Company's primary objective is to ensure the funding of its activities in the most cost-effective way by managing liquidity risk and adhering to regulatory constraints. The liquidity system aims at providing a

balance sheet framework with assets and liabilities target structure that is consistent with the risk appetite defined by the Board of Directors:

- The assets structure should allow the businesses to develop their activities in a way that is liquidity-efficient and compatible with the target liabilities structure
- The liabilities structure is based on the ability of the businesses to collect financial resources from customers and the ability of the Company to sustainably raise financial resources on the markets, in accordance with its risk appetite

The principles and standards applicable to the management of liquidity risks are defined by the Company's governing bodies, whose duties in the area of liquidity are listed below:

- The Company's Board of Directors (i) establishes the level of liquidity risk tolerance as part of the Risk Appetite exercise, (ii) meets regularly to examine the Company's liquidity risk situation, on a quarterly basis
- The Senior Management (i) sets budget targets in terms of liquidity (ii) allocates liquidity to the pillars

To minimize its exposure to liquidity risk, the CIF implements the below Liquidity Risk Mitigation Strategies:

- Regular reporting to the Board of Directors on the funding needs of the Company
- Monitoring of the Company's exposures and diversification to avoid rise of concentration risk as per the internal policies
- Cash Management

The Company has undertaken a specific review of its liquidity risks and believes that it is able to meet its upcoming maturities. As at 31/12/2022, the Company held enough capital in its bank accounts, to meet its short-term obligations.

Furthermore, the Company is taking due care in safeguarding the client assets held in fiduciary capacity (in segregated accounts) and performs the following mitigation strategies:

- These assets are held by the Company in a fiduciary capacity and are not included in the Company's funds nor its financial statements
- The funds are held in client segregated bank accounts
- Frequent reconciliations are performed internally

12. Compliance, Reputational and Legal Risks

Compliance risk (including legal and tax risks) corresponds to the risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Company's activities.

Compliance means acting in accordance with applicable regulatory rules, as well as professional, ethical and internal principles and standards. Fair treatment of customers, with integrity, contributes decisively to the reputation of the Company.

By ensuring that these rules are observed, the Company works to protect its customers and, in general, all of its counterparties, employees, and the various regulatory authorities to which it reports.

Compliance System and Department

Independent compliance structures have been set up within the Company's different business lines around the world to identify and prevent any risks of non-compliance.

The Compliance Officer verifies that all compliance laws, regulations and principles applicable to the Company's services are observed, and that all staff respect codes of good conduct and individual compliance. The Compliance Officer also monitors the prevention of reputational risk and provides expertise for the Company performs controls at the highest level and assists with the day-to-day operations. The Compliance Officer is responsible for:

- Monitoring and to assessing the adequacy and effectiveness of the measures and procedures put in place in to detect any risk of failure by the Company to comply with its obligations under the Law.
- Keeping records for all its activities performed.
- Preparing and submitting of regular written Compliance Reports to the BOD.
- Controlling the calendar of regulatory filings and submissions, ensuring all deadlines are met.
- Following up on compliance audits/checks, coordinating implementation of agreed corrective measures.
- The Company's financial security (prevention of money laundering and terrorism financing; know-your-customer obligations; embargoes and financial sanctions).
- Developing and updating consistent standards for the function, promoting a compliance culture, coordinating employee training and managing Company regulatory projects.
- Coordinating a compliance control mechanism within the Company (second-level controls), overseeing a normalised Compliance process, oversight of personnel operations and, finally, managing large IT projects for the function.
- Preventing and managing conflicts of interest.
- Proposing ethical rules to be followed by all Company employees.
- Training and advising employees and raise their awareness of compliance issues.
- Generally monitoring subjects likely to be harmful to the Company's reputation.

Prevention of Money Laundering and Terrorism Financing

Money laundering and terrorist financing risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/involved in financing terrorism.

The Company has in place an Anti-Money Laundering Compliance Function which is updating as applicable, certain policies, procedures and controls in order to mitigate the money laundering and terrorist financing risks. Among others, these policies, procedures and controls include the following:

- The adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing risks faced by the Company.
- The adoption of adequate Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing risk.
- Setting certain minimum standards of quality and extent of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third party information).
- Obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from a particular Business Relationship or an Occasional Transaction.
- Monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high-risk countries.
- Ensuring that the Company's personnel receive the appropriate training and assistance.

The Company is frequently reviewing its policies, procedures and controls with respect to money laundering and terrorist financing to ensure compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

13. Environmental Social and governance Risk

For investment firms that deal in financial instruments on their own account, ESG risks may manifest on their balance sheets through investment activities. In this case, ESG risks may materialise in a number of different risk metrics monitored under the IFD such as net position risk or daily trading flows.

For investment firm services and activities other than dealing on own account, e.g. portfolio management and investment advice, ESG factors may affect the risk profile of the investment firms through the financial performance of their clients' portfolios. In this case, this impact would come from fees and commissions and other monetary gains that the investment firms may generate from the provision of these investment services and activities. Similarly, the materialisation of ESG risks would manifest in different risk metrics that are monitored, for example, assets under management.

The company, based on the above criteria, does not engage in investment activities that require ESG metrics to be reported. However, the company aims at directing its clients towards investments that are ESG friendly and promote ESG practices within the organization itself, that reduce the carbon footprint left from the premises, employees, and activities of the firm.

Appendix

		a
		Common Equity Tier 1 Capital
1	Issuer	TELE TRADE DJ INTERNATIONAL CONSUL TING LTD
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (as of most recent reporting date)	€ 3.401.200
7	Nominal amount of instrument	341.200
8	Issue price	€ 1,00
9	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	301.200 shares on 31/12/2011 & 40.000 shares on 30/09/2016
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	No
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A

34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the intrument (signposting)	N/A

Table 12: Template EU IF CCA: Own funds: main features of own instruments issued by the firm